

ORDINANCE OF THE BOROUGH OF MERCHANTVILLE, COUNTY OF CAMDEN, NEW JERSEY, GUARANTEEING PAYMENT OF CERTAIN PROJECT NOTES TO BE ISSUED BY THE MERCHANTVILLE - PENNSAUKEN WATER COMMISSION

BACKGROUND

WHEREAS, the Merchantville-Pennsauken Water Commission ("Commission"), a body politic of the State of New Jersey, situated at 20 West Maple Avenue, Merchantville, New Jersey 08109, has been duly organized in accordance with the provisions of *N.J.S.A. 40:62-108 et seq.*; and

WHEREAS, the Commission is jointly owned by the Borough of Merchantville, County of Camden, New Jersey ("Borough") and the Township of Pennsauken, County of Camden, New Jersey ("Township") in the following percentages:

Borough of Merchantville	11.58%
Township of Pennsauken	88.42
	<u>100.00%</u>

WHEREAS, the Commission has determined there exists a need within its service area for various improvements to its water system ("Water System") consisting of: (i) construction of a 14,000 square foot office building on a 1.208 acre site; (ii) construction of a 1,650 square foot treatment facility; and (iii) reclamation of water from the Maple Shade Wastewater Treatment Plant and re-use of the water for irrigation purposes (collectively, the "2009 Project"); and

WHEREAS, the Commission has determined to finance the costs of the 2009 Project through the issuance of its Project Notes, Series 2009, in the aggregate principal amount not to exceed \$5,500,000 ("Notes"), which Notes will be authorized by the Commission pursuant to a resolution of the Commission entitled "RESOLUTION OF THE MERCHANTVILLE-PENNSAUKEN WATER COMMISSION AUTHORIZING THE ISSUANCE AND SALE OF ITS WATER PROJECT NOTES, SERIES 2009 IN THE PRINCIPAL AMOUNT OF UP TO \$5,500,000; DELEGATING TO CERTAIN COMMISSION OFFICIALS THE POWER TO MAKE CERTAIN DETERMINATIONS AND TO AWARD AND SELL THE NOTES; APPROVING CERTAIN TERMS AND PROVISIONS OF THE NOTES AND THE PLEDGE OF REVENUES TO SECURE THE PAYMENT OF THE NOTES; AND DETERMINING CERTAIN MATTERS IN CONNECTION THEREWITH" ("Note Resolution"); and

WHEREAS, the Borough Council, after due deliberation, has ascertained that it will be in the best interest of the Commission to issue the Notes to finance the costs of the 2009 Project; and

WHEREAS, it is the desire of the Borough to guarantee repayment of said Notes in the event of a default by the Commission.

NOW, THEREFORE, BE IT ORDAINED BY THE BOROUGH COUNCIL OF THE BOROUGH OF MERCHANTVILLE, COUNTY OF CAMDEN, NEW JERSEY, AS FOLLOWS:

Section 1. The Borough hereby guarantees repayment of the principal of and interest on the Notes, when due, in the event the Commission is unable to make such payment.

Section 2. Said unconditional guarantee by the Borough shall be to the full extent of its ownership interest in the Commission, that being 11.58% of the amount of any default by the Commission.

Section 3. The term of this Ordinance shall extend until the Notes have been paid in full.

Section 4. All ordinances, or parts of ordinances, inconsistent or in conflict with the provisions of this Ordinance are hereby repealed to the extent of any such inconsistency.

Section 5. This Ordinance shall take effect upon publication and final enactment as provided by law.

THE BOROUGH OF MERCHANTVILLE

BY: _____
FRANK M. NORTH, MAYOR

ATTEST:

DENISE BROUSE, BOROUGH CLERK

The foregoing ordinance was introduced by Mayor and Council at the regular meeting held on September 14, 2009. This Ordinance will be considered for adoption on final reading and public hearing to be held on October 19, 2009 at 7:30 p.m. in the Council Meeting Room, Merchantville Borough Hall, One West Maple Avenue, Merchantville, New Jersey.

The purpose of this Ordinance is to guarantee payment of certain bonds to be issued by the Merchantville-Pennsauken Water Commission. A copy of this Ordinance is available at no charge to the general public between the hours of 8:30 AM to 4:30 PM, Monday through Friday (Legal Holidays excluded), at the Office of the Borough Clerk, Merchantville Borough Hall, 1 West Maple Avenue, Merchantville, New Jersey.